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Spring Caravan 2005!

Don't miss out on a great session with FREE COOKIES AND DRINKS, plus you get 6 hrs of required continuing ed!

Instructor: Lynn Madison

Course: Agency (with emphasis on Appointed Agency)

Registration Fee: \$50.00 (including snacks during morning break)

Class begins at 9:00 a.m.

(Walk in registration begins at 8:15 a.m.)

For access assistance, call the Commission office at (605) 773-3600

Pierre - Ramkota - April 20th

Rapid City - Ramkota - April 21st

Lead - Golden Hills Inn - April 22nd

Sioux Falls - Ramkota - April 26th

Sioux Falls - Ramkota - April 27th

Watertown - Ramkota - April 28th

Aberdeen - Ramkota - April 29th

Pre-registration is required to guarantee admission. Failure to register may prohibit your attendance if the class is full. The Commission will retain \$10 of any refunded registration fee. Please complete and mail the registration form below along with the registration fee to the S.D. Real Estate Commission at 221 West Capitol Ave., Suite 101, Pierre SD 57501. Registration deadline is 5 days prior to each session.

* NOTE - The Caravan is NOT approved for continuing education for Appraisers.



SD REAL ESTATE COMMISSION

Registration Form

Spring 2005 Educational Caravan

Name _____ License Number and Type _____

(Mailing Address) _____ (City) _____ (State) _____ (Zipcode) _____ (Phone) _____

Please check which you would like to attend.

- ☐ Pierre — April 20th
- ☐ Rapid City -- April 21st
- ☐ Lead -- April 22nd
- ☐ Sioux Falls -- April 26th
- ☐ Sioux Falls -- April 27th
- ☐ Watertown -- April 28th
- ☐ Aberdeen -- April 29th

\$50 registration fee payable to SDREC must accompany this form.
PLEASE -- one registrant per form

From the Director's Desk



Greetings from my new office at 221 West Capitol, Suite 101! We are very proud of our new "digs", so please come visit us. We will be more than happy to give you a tour.

Senate Bill 82, which was dubbed the "Appointed Agency Bill", will become effective July 1, 2005. Responsible brokers will then be allowed the option to appoint associates within his/her firm to represent their respective clients. Be sure to catch our Spring Caravan to learn more about this new option and also get a refresher on the other options available. Senate Bill 83, which revised the Seller's Property Condition Disclosure Statement, will also be in effect on July 1st. After that date, sellers will no longer have to provide a separate meth disclosure to potential buyers. In addition, House Bill 1212 passed, which revises 36-21A-14, reducing the term of a Real Estate Commission member to three years with a term limit of three consecutive full terms.

Business students at the University of South Dakota, under the direction of DeVee Dykstra, are busy developing an office reference guide for real estate offices. The purpose of this guide is to serve as a resource to questions arising from the daily activities in a real estate office.

I have noticed that real estate "teams" are popping up across the state. Remember, if you are forming a team and plan to incorporate or form an LLC that will be paid a commission, you must make application for a firm license. Be sure to review your license law book for the requirements of obtaining a firm license or contact the Commission office. Also, be very careful when you advertise your team. The firm to which the team is associated with must be disclosed in the advertising. In addition, if you utilize unlicensed individuals as part of your team, you have to be very careful when you include them in your advertising.

The public must be able to distinguish who is licensed and who is not.

In closing, I'd like to leave you with a quote from financier and investment businessman Warren Buffet, "In the business world, the rearview mirror is always clearer than the windshield." From the calls I've been getting lately, this certainly holds true in real estate.

Happy spring!

DjN

Title Company Settles Kickback Complaint for \$24 Million

(DENVER) – First American Title Insurance Co. has agreed to refund \$24 million to Colorado consumers to settle a dispute with the Colorado Insurance Commission over kickbacks paid to real estate agents, home builders and lenders.

It is the first settlement in a widening scandal that already is under investigation in California, Washington state and Florida. Fidelity Financial and LandAmerica title companies reportedly also are being scrutinized.

Attorneys general in those states say real estate companies, builders and lenders have violated the law by forming their own reinsurance companies and referring all of their title business to a specific title company that agrees to send it back to them for reinsurance.

In Colorado, authorities said the conspiracies date back to at least 1997 and involved millions in kickbacks. They added, however, there was no way of knowing how many consumers lost money in the schemes.

A Letter from the Chairman



Senate Bill 82 - An Act to permit a real estate broker to appoint agents within an office to represent separate parties to a real estate transaction.

This legislation has been signed into law by Governor Rounds and will take effect, July 1, 2005. Reading the above title of the Act tells a great deal about what this agency bill is all about. To implement this type of agency, the commission shall promulgate rules pursuant to chapter 1-26 to establish appointed agent procedures regarding disclosure and confidentiality. An agency task force composed of commission members and members of the South Dakota Association of REALTORS will play an important role in recommending these procedures. I have two observations to share about this topic:

1) This type of agency is not mandatory for an office, it is a choice that may be included in an office policy. However, if an office chooses to not formally adopt appointed agency, such offices should take care into not slipping into the practice.

2) The April Caravan is strongly suggested for us to attend as presenter Lynn Madison will be discussing agency with an emphasis on appointed agency.

**Loren Anderson,
Chairman**

Address Update

The SD Real Estate Commission has moved! Our new address is: 221 West Capitol Avenue, Suite 101, Pierre, SD 57501.

New Licensees

The SD Real Estate Commission would like to welcome the following new licensees.

Broker

De Castro, Manuel J - Madison
Ekberg, Charles A - Boulder, CO
Karn, Tobin A - Rapid City

Broker Associate

Aesoph, James - Watertown
Baker, Daniel O - Sioux Falls
Ballinger, Kay L - Hill City
Caldwell, Lori F - Spearfish
Conkling, Jr., William J - Yankton
Delzer, Viola I - Rapid City
Elkins, John R - Sioux Falls
Even, Charlie A - Watertown
Goff, Tyler R - Sioux Falls
Gran, Heath D - Spearfish
Haines, Wayne W - White Lake
Hansen, Melody S - Watertown
Harper, Martin R - Vermillion
Hauser, Jr., William E - Rapid City
Island, Ronald A - Deadwood
Keyes, John R - Pierre
Lowe, Kristen L - Rapid City
Marko, Gregory, J - Sioux Falls
Mills, Eric D - Hartford
Miranda, Rebecca L - Sioux Falls
Morris, Todd L - Castlewood
Nelson, Mathew S - Sioux Falls
ONeal, Lanny L - Brandon
Ortmeier, Cristin - Watertown
Osterloh, Katherine J - Alcester
Pabst, Gary L - Sioux Falls
Peterson, Robert M - Sioux Falls
Simunek, Floyd C - Hot Springs
Thompson, Michelle T - Hartford
Voelsch, Gene F - Watertown
Wagner, Nicole M - Brandon
Wahl, Douglas D - Black Hawk

Reg. Home Inspector

Gardner, Kirby L - Watertown
Krull, Kevin M - Worthing
Sieh, Robert R - Aberdeen
Skuzza, Richard T - Sioux Falls

Res. Rental Agent

Kandolin, Jonna K - Sturgis
Schumacher, Cindy - Madison
Zimmel, Pamela K - Sioux Falls

Salesperson

DeBoom, Steven - Sioux City, IA
Dunlop, Michael L - Sioux City, IA
Johnson, Paul A - Fargo, ND

Kirk, Joseph G - Sacred Heart, MN
Schlickbernd, Paul J - West Point, NE
Struchen, Steven M - Marshall, MN
Vakulskas, Tonya R - Sioux City, IA
Westly, Linda K - Pipestone, MN

Federal Government Announces Settlement with Chicago Title Co. Over Allegations of Falsifying Loan Documents

Company to pay \$6.2 million and revamp corporate practices

WASHINGTON – The Department of Housing and Urban Development, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision today announced a settlement agreement with Chicago Title Insurance Company following a joint investigation that uncovered suspected acts of residential and commercial mortgage fraud in the Houston, Texas real estate market. Chicago Title agreed to pay a \$5 million civil penalty to the U.S. Treasury and to reform its settlement service practices nationwide. In a separate agreement with the Texas Department of Insurance, Chicago Title agreed to pay a \$1.2 million penalty.

HUD, OTS and OCC claimed Chicago Title engaged in a pattern of violating Section 4 of the Real Estate Settlement Procedures Act (RESPA) by providing inaccurate HUD-1 Settlement Statements to lenders and their borrowers. The agencies determined that the HUD-1 Settlement Statements failed to accurately reflect the actual settlement costs in connection with home mortgage loans. HUD also alleged that Chicago Title's conduct was part of an agreement for the referral of business in violation of RESPA's Section 8 anti-kickback provision.

"This agreement underscores the level of cooperation among federal and state agencies to protect consumers and the integrity of the mortgage settlement process itself," said John C. Weicher, HUD Assistant Secretary for Housing and Federal Housing commissioner. "When it comes to protecting the American Dream, HUD will continue to

vigorously enforce every aspect of RESPA including making sure settlement costs are fully and accurately disclosed."

As one of the nation's largest settlement service providers, Chicago Title agreed to comply with RESPA, its implementing regulations, and HUD policy statements. Under the terms of the settlement, the company also agreed to implement new policies, procedures, and compliance controls governing settlements in all its branches and offices that will support the integrity of settlement documents, fraud prevention, and compliance with Sections 4 and 8 of RESPA.

The Agreement announced today also requires Chicago Title to revamp the manner in which it conducts real estate settlements nationwide, including training of employees and officers to properly complete the HUD-1 Settlement Statement. The company will monitor these training efforts and provide corrected Settlement Statement to lenders. Chicago Title has indicated it has begun the process of addressing its deficiencies and is cooperating with the HUD, OCC and OTS.

In a separate action, the OCC also announced consent orders against two former bank officers involved in the fraudulent scheme. Tom Trammell, former Senior Vice President and Private Banking Manager of Southwest Bank of Texas (NA, Houston, Texas) as well as Whitney National Bank (New Orleans, Louisiana) is permanently banned from the banking industry and will pay a \$250,000 fine. A second Consent Order imposes a lifetime ban on David Ranostaj from the banking industry. As former Vice President and Loan Officer of both banks, Ranostaj was assessed a \$130,000 fine. Trammell and Ranostaj have also entered into agreement with the banks to pay restitution.

HUD is the nation's housing agency committed to increasing homeownership, particularly among minorities, creating affordable housing opportunities for low-income Americans; and supporting the homeless, elderly, people with disabilities and people living with AIDS. The Department also promotes economic and community development as well as enforces the nation's fair housing laws. More information about HUD and its programs is available on the Internet at www.hud.gov and espanol.hud.gov.

Mortgage Company Settles FTC Charges

Consumers' Financial Information at Risk by Lack of Required Security Practices

A mortgage company identified during a nationwide sweep monitoring compliance with federal privacy laws has settled Federal Trade Commission charges that it failed to adequately protect customers' personal and financial information. In late 2004, the FTC charged the company with violating the Gramm-Leach-Bliley (GLB) Safeguards Rule. The Safeguards Rule requires financial institutions to implement policies and procedures to ensure the security of customer information. This is the second FTC settlement resolving alleged violations of the GLB Safeguards Rule.

According to the FTC's complaint, Nationwide Mortgage Group, Inc. failed to assess risks to sensitive customer information; implement safeguards to control these risks; train employees on information security issues; oversee loan holders' handling of customer information; or monitor its computer network for vulnerabilities. The FTC also alleged that the company violated the GLB Privacy Rule by failing to provide required privacy notices to consumers explaining how their personal information may be used or disclosed.

The Safeguards Rule requires financial institutions to implement a written program to secure customers' information. In addition to mortgage companies and other traditional financial institutions, the Rule covers entities such as payday lenders, tax preparers, auto dealers, credit counselors, and retailers that issue credit cards. To accommodate the wide range of institutions covered, the Rule allows each institution to develop a program that is appropriate to its size and complexity, the sensitivity of the information it handles, and the nature and scope of its business. Each institution is required to: (1) assign employees to oversee the program; (2) conduct a risk assessment; (3) take steps to control the risks identified; (4) contractually require

service providers to protect customers' information; and (5) make periodic updates to its security program.

The proposed consent order bars Nationwide and its president, John D. Eubank, from violating the Safeguards Rule or the Privacy Rule in the futures. The company must retain an independent professional to certify its security program meets the standards listed in the order within 180 days, and then once every other year for 10 years. The order also requires the company to distribute a copy of the order to all of its employees, and it contains standard record keeping provisions to allow the FTC to monitor Nationwide's compliance.

The Commission vote to accept the proposed consent agreement was 5-0.

The FTC will publish an announcement regarding the agreement in the Federal Register shortly. The agreement will be subject to public comment for 30 days, until April 4, 2005, after which the Commission will decide whether to make it final. Comments should be addressed to the FTC, Office of the Secretary, Room H-159, 600 Pennsylvania Avenue, N.W. Washington, DC 20580. The FTC requests that any comment filed in appear form near the end of the public comment period be sent by courier or overnight service, if possible, because U.S. postal mail in the Washington area and at the Commission is subject to delay due to heightened security precautions.

Note: This consent agreement is for settlement purposes only and does not constitute an admission by the defendants of a law violation.

Copies of the proposed consent agreement are available from the FTC's Web site at <http://www.ftc.gov> and also from the FTC's Consumer Response Center, Room 130, 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580. The FTC works for the consumer to prevent fraudulent, deceptive, and unfair business practices in the marketplace and to provide information to help consumers spot, stop, and avoid them. To file a complaint in English or Spanish (bilingual counselors are available to take complaints), or to get free information on any of 150 consumer topics, call toll-free, 1-877-FTC-HELP (1-877-382-4357), or

use the complaint form at <http://www.ftc.gov>. The FTC enters Internet, telemarketing, identity theft, and other fraud-related complaints into Consumer Sentinel, a secure, online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

Attention Home Inspectors

If you are listed as a registered home inspector and have completed your 100th inspection do not forget to contact the South Dakota Real Estate Commission to have your license upgraded to a licensed home inspector status.

South Dakota Real Estate VIEW

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South Dakota Real Estate Commission
221 West Capitol Ave., Suite 101
Pierre, South Dakota 57501

Telephone: 605-773-3600

Facsimile: 605-773-4356

Website: www.state.sd.us/sdrec

E-mail: dr.ralestate@state.sd.us

Editor-in-Chief: Dee Jones Noordermeer

Editor: Karen Callahan

THE COMMISSION AND STAFF

Loren Anderson, Chairman Yankton

Charles Larkin, Vice-Chair Watertown

Brian Jackson, Member Sioux Falls

Eileen Fischer, Member Pierre

Dennis Eisnach, Member Pierre

Dee Jones Noordermeer,

Executive Director Pierre

Karen Callahan,

Education Director Pierre

Norma Schilling, Licensing Pierre

Nancy Peck, Auditor Pierre

Tim Buseman, Auditor Sioux Falls

Articles by outside experts express the author's particular viewpoints. These opinions are not necessarily shared by the Commission, nor should they be mistaken for official policy. The articles are included because they may be of interest to the readers.

The following is a press release issued by the SD Attorney General's Office 1/3/2005

CONSUMER ALERT- Attorney General Long Says Be Wary of Counterfeit Cashier's Check Scams

PIERRE, S.D.—Attorney General Larry Long today alerted South Dakotans to the ongoing counterfeit cashier's check scam. The fake cashier's checks may appear to be authentic and even include a legitimate U.S. bank and routing number, but it is likely that it has been issued by a crook from Nigeria or another foreign country.

This is how the typical cashier's check scam works. A legitimate seller is advertising an item over the internet, such as a car, computer or other valuable item. A "buyer," often from a foreign country, contacts the seller about purchasing the item and states that he plans to use a cashier's check issued from a bank in the U.S. The buyer tells the seller that he either mistakenly sent too large of a check, or that he will be sending a check

for more than the purchase price. In either event, the seller is instructed to immediately wire the "balance" back to the buyer. The unsuspecting seller then deposits the cashier's check in their bank account and wires the balance to the buyer. But then the cashier's check turns out to be counterfeit and the seller loses the money that was wired. "The counterfeit cashier's check scam is so effective because of the authentic look of the check," said Long. "These fraudulent checks look so authentic that even banks can be fooled. This scam's success also depends on the wire transfer. Wiring money is the simplest way for a crook to steal money and it is untraceable. If no one wired money, we would have no victims."

To ensure that you do not become a victim, follow these tips whenever you are offered a cashier's check:

- Never accept a cashier's check for an amount greater than the purchase price.
- Call the bank that issued the cashier's check when you receive it. Locate the bank's telephone number from a reliable source, such as directory assistance or a phone book.
- If you receive a cashier's check, ask your bank to verify that the check is good and discuss with them the possibility of this being a scam.

- Be sure to wait until you can verify the authenticity of the check prior to giving the buyer the goods.

- Be leery of buyers who show little interest or no concern as to the condition of items they are purchasing and are mostly worried about payment.

- Do not wire money to an unfamiliar source, EVER—it is untraceable and you will never see the money again.

South Dakota consumers or businesses with questions or concerns about this scam should contact the Consumer Protection Division at 1-800-300-1986 or www.state.sd.us/attorney.

Editor's Note: The U.S. Secret Service has also issued a public awareness advisory regarding these scams. In addition to the traditional internet schemes, fraudulent cashier's checks are being used to pay for real estate transactions including vacation rentals and home purchases. In some cases, the deed has been transferred before the parties learn that the buyer used a fraudulent cashier's check. The excess balance of the cashier's check is then wired back to the "buyer" for "moving expenses" and other reasons. Please report any suspicious cashier's checks to local law enforcement authorities immediately.

APPRAISER UPDATE

This section of the South Dakota Real Estate Review is the responsibility of the South Dakota Department of Revenue and Regulation Appraiser Certification Program. Articles are printed here to communicate pertinent information to those appraisers who receive this newsletter and are licensed under the Certification Program. Appraiser certification inquiries can be directed to Sherry Bren, Program Administrator, 445 East Capitol, Pierre, SD 57501, 605-773-4608.

Appraiser Certification Program Mission-Purpose-Intent

The Appraiser Certification Program was implemented July 1, 1990, pursuant to enactment of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) by Congress. The mission of the Program is to certify, license and register appraisers to perform real estate appraisals in the State of South

Dakota pursuant to Title XI (FIRREA). The purpose of the Program is to examine candidates, issue certificates, investigate and administer disciplinary actions to persons in violation of the rules, statutes and uniform standards, and approve qualifying and continuing education courses. Title XI intends that States supervise all of the activities and practices of persons who are certified or licensed to perform real estate appraisals through effective regulation, supervision and discipline to assure their professional competence.

Appraiser Certification Program Advisory Council

Council members provide recommendations to the Secretary of the Department of Revenue and Regulation in the areas of program administration in order to sustain a program that is consistent with Title XI. The Council meets quarterly in public forum. See the Website for meeting information. www.state.sd.us/appraisers

Advisory Council Vacancy

Deadline for Nominations Extended

The Department of Revenue and Regulation is seeking an institutional staff appraiser to replace the staff appraiser from Farm Credit Services of America to serve on the Appraiser Certification Program. The position represents the institutional staff appraiser's interest on the Council.

If you are interested in nominating yourself or another appraiser for the appointment to the Advisory Council, please submit your nomination in writing to:

Department of Revenue and Regulation
Appraiser Certification Program
445 E. Capitol Ave.
Pierre, SD 57501

Nominations will be accepted until April 30, 2005.

The nomination should include the appraiser's name, address, appraiser title, where the appraiser is currently on staff, and the reason that you believe you or the person you have nominated should be appointed to the Advisory Council. Any person nominated for the position should possess substantial knowledge regarding appraising, a reasonable understanding of Title XI, FIRREA and its impact on the appraiser profession, and be highly respected in the appraiser industry.

If you have any questions, please contact Sherry Bren by telephone at 605-773-4608 or by e-mail at Sherry.Bren@state.sd.us.

USPAP Q & A

Vol. 7, No. 2, February 2005

Multi-Discipline Certification

Question #1: I am a real property appraiser who sometimes participates in assignments that include the appraisal of real property, personal property (machinery and equipment), and intangible assets. The value conclusions for each asset type are separately prepared by an appraiser with

competency in the asset type. A single report is jointly issued that communicates the assignment results for all of the assets. What is the appropriate wording for the certification in these situations?

Question #2: I am a business appraiser; I am not a real property appraiser. Sometimes I rely on results of a real property appraisal to determine the value of business equity. The report of the real property value analysis is not contained in my business valuation report, although the real property value conclusion (the dollar amount) is indicated in my report. An example of this would be a real property holding company in which the value of the equity may be significantly dependant on the value of the owned real property. What is the appropriate way to handle such reliance in my business appraisal report?

Question #3: I am a personal property appraiser. My value opinions are sometimes influenced by analysis performed by a business appraiser, such as assistance in determining whether earnings are sufficient to justify the otherwise-determined value in continued use of machinery and equipment. What are the certification requirements in this scenario?

Answers to the above questions can be found at: www.appraisalfoundation.org

New Licensees – February/March

Rodney G. Clough, State-Certified General - Flower Mound, TX
Robert M. Banton, State-Certified Residential - Huntsville, AL
Kristie L. Hankel, State-Registered - Rapid City, SD
Sherry K. Fox, State-Certified General - Belle Fourche, SD
Adam L. Smith, State-Certified Residential - Bloomington, MN
James W. Lammers, State-Registered - Hartford, SD
Kyle J. Martin, State-Registered - Sioux Falls, SD
Robert J. Lunieski, State-Certified General - Bloomington, MN
Randy C. Plagman, State-Certified Residential - Sheldon, IA
Corey P. Keller, State-Registered - Rapid City, SD

Review of Cases as of February 15, 2005

For the period January 1, 2005 through February 15, 2005 there has been 1 upgrade application and 1 complaint submitted to the Department.

Upgrades – one (1) pending.

Complaints – one (1) dismissed.

Disciplinary Action

The Appraiser Certification Program publishes disciplinary action involving revocation and suspension of a certificate and denial of an application involving unprofessional conduct. The following disciplinary action has been taken by the Appraiser Certification Program:

Kim S. Boever, Sioux Falls, South Dakota. The Department of Revenue and Regulation issued a Final Order that the application of Kim S. Boever to renew his certificate as a state-registered appraiser be denied for violations of ARSD 20:14:11:03(2), 20:14:11:03(4), 20:14:11:03(6) and 20:14:11:03(10).

Continuing Education Requirements 2005

In each odd-numbered year (2005) an applicant for renewal of a certificate must document completion of the equivalent of 28 classroom hours of instruction in approved courses or seminars during the preceding reporting period. Seven of the 28 classroom hours of instruction must be completed in the 7-hour National USPAP Update Course. (The 15-Hour USPAP Course does not qualify.) (See ARSD 20:14:13:01)

Continuing Education Notice

The Spring Caravan sponsored by the SD Real Estate Commission is NOT approved for continuing education for appraisers. The "Appointed Agency" course does not meet the criteria for continuing education requirements.

Contents of a Workfile Uniform Standards of Professional Appraisal Practice ETHICS RULE

An appraiser must prepare a workfile for each appraisal, appraisal review, or appraisal consulting assignment. The Record Keeping section of the ETHICS RULE states:

The workfile must include:

- The name of the client and the identity, by name or type, of any other intended users;
- True copies of any written reports, documented on any type of media;
- Summaries of any oral reports or testimony, or a transcript of testimony, including the appraiser's signed and dated certification; and
- All other data, information, and documentation necessary to support the appraiser's opinions and conclusions and to show compliance with this Rule and all other applicable Standards, or references to the location(s) of such other documentation.

The appraiser's assignment workfile serves several purposes. As in many other professions, the discipline of enforcement by public agencies and peer review, together with one's self-discipline and dedication of effort, serves to ensure performance of assignments in compliance with professional standards. In addition to facilitating enforcement, a workfile aids the appraiser in handling questions from the client or an intended user subsequent to the date of the report.

An appraiser's assignment workfile preserves evidence of the appraiser's compliance with USPAP and other information as may be required to support the appraiser's opinions, conclusions, and, in the case of an appraisal consulting assignment, recommendations.



Records Retention, Inspection and Copying Administrative Rules Governing Appraisers 20:14:07

A real estate appraiser shall retain originals or true copies of all written contracts engaging the appraiser's services for real estate appraisal work and all reports and supporting data assembled and formulated by the appraiser in preparing the reports for five years. The five-year period for retention of the records is applicable to each engagement of the services of the appraiser and begins on the date of the submittal of the appraisal to the client. However, if, within the five-year period, the appraiser is notified that the appraisal or report is involved in an investigation, litigation, or state or federal review, the five-year period for the retention of the records begins on the date of the final disposition of that investigation, litigation, or state or federal review.

A real estate appraiser shall make all records required to be maintained under this chapter available for inspection and copying upon request of the secretary.

Value Opinions that Equal Contract Prices (Frequently Asked Questions, 2005 Edition, Published by the Appraisal Foundation)

Question: I know appraisers who consistently conclude that the market value of any property they appraise is equal to the contract sales price. In doing so, they facilitate sales and financing of sales, which is apparently what keeps their clients happy. Is this a violation of USPAP?

Response: A contract sale price can be a good indicator of a property's market value, and it may be logical and reasonable for the appraiser to conclude that they are the same. However, this is not always the case. In some situations, a contract price will exceed what is typical in a market. In other situations, a contract price will be less

than what is typical. A contract sale price, while a significant piece of market data, must not become a target in an appraisal assignment. Rather, competent analysis of relevant and credible market data must be the appraiser's basis for a market value conclusion.

If an appraiser consistently concludes that the contract sale price of any property they appraise equals market value, particularly when a competent analysis of credible market data indicates otherwise, the appraiser's impartiality, objectivity and independence appear to have been compromised. The ETHICS RULE of USPAP clearly prohibits such a practice. The Conduct section of the ETHICS RULE states, in part:

An appraiser must perform assignments with impartiality, objectivity, and independence, and without accommodation of personal interests.

An appraiser must not accept an assignment that includes the reporting of predetermined opinions and conclusions.

An appraiser must not communicate assignment results in a misleading or fraudulent manner. An appraiser must not use or communicate a misleading or fraudulent report or knowingly permit an employee or other person to communicate a misleading or fraudulent report.

An appraiser must develop an opinion of market value impartially and objectively. An appraiser who selects only data that complements a contract sale price or analyzes data in a manner to purposefully support a contract sale price violates the ETHICS RULE.

(Frequently Asked USPAP Questions (FAQs) is an excellent reference tool for appraisers, regulators and users of appraisal services. These FAQs are opinions of the Appraisal Standards Board (ASB) and are issued to illustrate the applicability of appraisal standards in specific situations and offer advice for the resolution of appraisal issues and problems. Three ways to order: (1) Phone Toll free 800-348-2831 or call 240-646-7010; (2) Fax your order with credit card information to 301-206-9789; or (3) Mail your order form, available in the 2005 Edition of the Uniform Standards of Professional Appraisal Practice (USPAP), and payment to: The Appraisal Foundation, Distribution Center, P.O. Box 381, Annapolis Junction, Maryland 20701-0381)

*Happy
Spring!*

